

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1528 - SB 1356**

March 31, 2011

**SUMMARY OF BILL:** Deletes the authority for the Members of the General Assembly to participate in the health and life insurance offered through the state plan and deletes the authority granted to former Members of the General Assembly and former Governors to continue participation in the state health plan upon retirement or completion of a term in office.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Expenditures - \$2,060,400**

Assumptions:

- According to the Department of Finance and Administration, there are currently 113 Members of the General Assembly who elected to enroll in the state health plans. The state contribution is approximately 80 percent of the cost of the base plan. For the 113 currently enrolled participants, the cumulative monthly state contribution is approximately \$99,590. The cumulative annual contribution is estimated to be \$1,195,080 (\$99,590 x 12).
- Former Members and former Governors pay a service-based portion of the monthly premium for coverage: 20 percent for 30 or more years; 30 percent for 20 to 29 years; and 40 percent for less than 20 years of service.
- There is no direct contribution for the portion of the premium not provided under the contribution levels applicable to qualified retirees; effectively the plan absorbs the unpaid portion of the premium. Additionally, retirees have higher per capita benefit payments and that higher average expense is also absorbed by the plan and all of its participants.
- The net impact of the higher benefit payments and the service-based contribution level is estimated to be \$865,332.
- The total decrease in state expenditures is estimated to be \$2,060,412 (\$1,195,080 + \$865,332).

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/kml